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SUBJECT: CODEL DASCHLE -- BREAKFAST MEETING WITH OBASANJO
COVERS A RANGE OF DOMESTIC AND FOREIGN POLICY ISSUES

Classified by Ambassador Howard F. Jeter. Reasons 1.5 (B) and (D).

1. (C) SUMMARY: President Olusegun Obasanjo hosted a breakfast meeting for Codel Daschle on August 31 at the Presidential Villa. In attendance were key Executive Council members and members of the Codel accompanied by Ambassador Jeter and Poloff. Obasanjo began by giving the Codel a brief history of the founding of the FCT and the genesis of the Villa before inviting Senator Daschle to speak. Daschle outlined several issues which the U.S. Senate views as important to bilateral relations, including HIV/AIDS, NEPAD, counter-terrorism, bilateral trade, Nigeria's economy, and the implementation of criminal Shari'a in northern Nigeria. Obasanjo covered each topic individually and in broad strokes, saying the right things about each. The Ministers' participation in the meeting was mostly symbolic, and we can only wonder if they are as committed to Obasanjo's policies as the President himself seemed to be. END SUMMARY.

2. (C) President Obasanjo hosted a breakfast meeting for Senators Daschle (D-South Dakota), Reid (D-Nevada), Nighthorse-Campbell (R-Colorado) and Bingaman (D-New Mexico) on August 31 at the Presidential Villa. The Ministers of Foreign Affairs, Finance, Commerce, Integration and Cooperation, Education, Environment, and Agriculture as well as the Attorney General were present. The Senate delegation was accompanied by Ambassador Jeter, Codel staff, and Poloff (notetaker). Obasanjo gave the delegation a brief history of the Federal Capital Territory and the origin and construction of the Presidential Villa before inviting Daschle to speak. Senator Daschle outlined several issues which the U.S. Senate views as important to bilateral relations, including HIV/AIDS, NEPAD, counter-terrorism, bilateral assistance and trade, Nigeria's economy, and the implementation of Shari'a law in northern Nigeria. Obasanjo responded to each in order.

3. (U) Obasanjo began by saying that Nigeria's present republic, not yet three and one half years old, is still developing. He pointed out that he had ushered in the last civilian government in Nigeria, which lasted only four years. This brief interlude of civilian rule, he went on, was followed by 15 years of military rule. "A forty year old Nigerian has never seen a functioning democracy," Obasanjo underscored.

HIV/AIDS

4. (C) Obasanjo said he identified HIV/AIDS as a critical issue immediately on assuming office. "When I came in, the subject was taboo," he said. The President realized that public debate and discussion were important and established a Cabinet-level commission. This group held a summit on the problem and launched the Strategic Program for Combating HIV/AIDS. As a sign of his commitment, Obasanjo reminded Daschle of his presence at the White House when President Bush launched the Global Task Force against AIDS. According to Obasanjo, statistics indicate partial GON success in slowing the spread of HIV/AIDS. He commented that the incidence of HIV/AIDS in Nigeria when he took office was about 5.4 percent of the at-risk population. "After two years, it was only 5.8 percent." Obasanjo said that his experts had informed him that since the rate was rising "arithmetically instead of exponentially," Nigeria's efforts to slow the epidemic were having an impact. (Comment: While Obasanjo's interpretation is plausible, it is not the only one. A less roseate view held by many experts is that Nigeria's actual HIV/AIDS prevalence is under-reported. These experts believe Nigeria is slowly but steadily approaching the point where the HIV/AIDS prevalence rate could increase much more steeply; moreover, the rate in many urban centers and some rural areas of the country is much higher than the national average. Unless present trends are arrested in these areas, many locations may begin to approach prevalence rates similar to those

seen in Eastern and Southern Africa. End Comment.)

NEPAD

15. (C) On NEPAD, Obasanjo explained his role in helping to launch the initiative. Reciting the genesis and history of NEPAD so far, Obasanjo said that he (as head of the G-77), along with South Africa's Thabo Mbeki (NAM Chairman) and Algeria's Bouteflika (OAU Chairman) had coincidentally presented similar views of underdevelopment to the G-8 in Japan in 2000. Meeting on the margins of the Japan meetings, the three leaders came up with the initial design. Nigeria, Algeria and South Africa, along with Senegal and Egypt who became involved in the subsequent planning, presented the program at the 2001 Lusaka OAU Summit. At that time, fifteen OAU members became involved in developing the initiative and presented it in detail to the 2001 G-8 in Italy.

16. (C) According to Obasanjo, the outstanding issue (other than funding) on the NEPAD proposal is the peer review mechanism. He said that the African Union should finalize the mechanism at its November meeting. He described the peer review mechanism as voluntary rather than compulsory; its appeal was that review would be accomplished by other AU members rather than outsiders. While the mechanism is voluntary, he said, a state could not be a full member of the AU without subscribing to it. Obasanjo predicted that most African countries would adopt the mechanism in November.

COUNTER-TERRORISM

17. (C) Obasanjo expressed his appreciation for the USG's accolades on Nigeria's stand against terrorism; however, he said that Nigeria took the stand as a member of the international community and in its own self-interest. "Allowing terror to expand would put Nigeria at greater risk," he stated, pointing to Nigeria's underdevelopment, poverty and its ethnic and religious diversity. "We have a conservative, traditional element, but Nigeria will not condone terrorism and will not harbor terrorists," Obasanjo declared emphatically. He said that combating terrorism is not always popular in Nigeria, as it is viewed as a "reaction against Muslims," but he and Nigeria remained fully committed.

OIL AND THE ECONOMY

18. (C) Shifting to the economy, Obasanjo commented that when he took office, the "economy equaled oil." He said that his goal was to reform and diversify the Nigerian economy. By the end of the decade, he planned to expand Nigeria's oil production capacity within the OPEC framework. "It is in the interests of both producers and consumers to maintain a stable supply of oil," he observed. According to Obasanjo, the GON wanted to maintain the price of crude near the \$25/barrel mark and that it is "in Nigeria's interest" to remain in OPEC in order to play a "moderating role." He said that increased natural gas production was the second major area for economic expansion. Obasanjo claimed that by the end of 2002, three of the planned six LNG trains should be operational and steps had been taken to ensure the completion of the remaining three trains ahead of schedule.

19. (C) The third element of Obasanjo's economic diversity goals is the increased exploitation of solid minerals. According to Obasanjo, commercially viable deposits of bitumen, gold, tantalite and diamonds exist in Nigeria, and as soon as preliminary surveys are completed, Nigeria would be interested in outside investment to help develop these minerals. The final element of Obasanjo's diversification strategy is agriculture. He highlighted the vast potential for agricultural production throughout the nation and hoped the sector could be revitalized. Obasanjo mused that the best results could be achieved by concentrating on one or two products, such as cassava (which could be marketed for both human and livestock feed as well as individual use.) Obasanjo stressed that Nigeria would remain within the WTO and would seek to benefit from AGOA I and II provisions.

SHARIA LAW

10. (C) Turning to Shari'a law, Obasanjo embarked on a history of Nigeria's legal code. According to him, Ahmadu Bello mandated jurists to produce a "penal code" in 1958 which substituted imprisonment for stoning and amputation. This penal code (with some modifications) was affirmed by the 1979 Nigerian Constitution. "So Shari'a has always been part of our law," he claimed. As for the recent passage of new Shari'a laws in northern Nigeria, Obasanjo said the impetus was "more political than religious." However, attacking it would be viewed as an assault on Islam. He commented that he definitely could not fight it head-on or "I will lose." The Federal Government's strategy, according to Obasanjo, was to give Shari'a advocates their political space by not confronting them directly while, working discreetly behind the scenes, to prevent any "dastardly act" of stoning from being perpetrated.

11. (C) Obasanjo pointed to the resolution of the Safia Hussein case in Sokoto as a success, but complained that the Katsina State Governor (who delegated the case to his Attorney General, whom he thought had the case under control) had mishandled the Amina Lawal case by not pressuring the lower courts to reject the stoning sentence. "The majority of Nigeria's states do not support Shari'a law," he said, "but the GON is still looking for a way to enforce the constitution on the states." Obasanjo stated that it is "only a matter of time" before one of the cases makes its way to the Supreme Court where the issue could be finally laid to rest. (Comment: More than half of the Ministers present at the Codel meeting were Muslims; none disagreed with his explanation of GON policy. End Comment.)

DEBT RELIEF -----

12. (C) Questions from Senators Reid and Campbell prompted Obasanjo to address two issues important to Nigeria - debt relief and Zimbabwe. When Reid commended Nigeria on its participation in PKOs, Obasanjo said that Nigeria's neighbors are always "pulling for us to succeed," if only to keep Nigerians at home lest an exodus overwhelm Nigeria's smaller neighbors. Pointing to Nigeria's PKO expenditure of \$12 billion in the region over the past few years, Obasanjo asked rhetorically, "Why is it difficult to write off our debt?" If it were set aside for health, education or water supplies, "that would be something," he stated.

ZIMBABWE -----

13. (C) On Zimbabwe, Obasanjo reminded the Codel that he had been the military Head of State when Zimbabwe became independent. "At the time, land was an issue." According to Obasanjo, both the British and the American Governments agreed to assist with land reforms "on the basis of willing buyers and sellers." "Promises were not kept," he said. According to Obasanjo, Mugabe was prohibited from amending the Zimbabwean Constitution to provide for land reform until 1991. When the prohibitions on amending the constitution expired, African leaders advised him to "wait for success in South Africa" before making any changes. This he did. During the recent Zimbabwean elections, Obasanjo tried to counsel Mugabe, but Mugabe's response was that the only important issue remaining for the country was land redistribution.

14. (C) "If I resolve it," Mugabe told Obasanjo, "in the next two or three years I can go." Obasanjo said that much of the land redistributed previously was "not well managed." He also said that Mugabe indicated that Zimbabwe was appreciative of the white farmers and continues to require their expertise. (Comment: This last statement jars. Thus far, Mugabe's show of appreciation has been to show the farmers the door. Obasanjo continues to believe his talking to Mugabe will ultimately soften the Zimbabwean leader; however, Mugabe has not given any indication that his position is moderating. Thus, Obasanjo's recitation of Mugabe's statement not only rings hollow, it seems a bit disingenuous. End Comment.)

COMMENT -----

15. (C) Obasanjo was relaxed, jocular and hospitable

throughout the more than two-hour breakfast, joking several times with his Ministers and staff. However, by hosting this Ministerial roundtable himself, Obasanjo and his dominant presence ensured that the Ministers would have virtually nothing to add to the substantive discussions. The Attorney General was the only Minister to speak during the session, and then only to reinforce points previously made by the President. Obasanjo spoke in general, strategic terms, and did not venture into much detail on any of the domestic or foreign policy matters discussed. This two hour meeting was informative and upbeat, allowing the Codel to get some measure of the man at Nigeria's helm and what he sees are major issues on his domestic and foreign policy agenda. However, the Codel did not get much of an indication whether Obasanjo's Ministers were sufficiently able shipmates to their captain to navigate through the many domestic and regional challenges that face his Administration.

16. (C) In a way, the meeting was reflective of the actual way the Presidency functions. Obasanjo is a leader who likes to deal in large, broad strokes; however, only a handful of his Ministers take the initiative and drive to turn his broad directives into action without further instructions from the President. Out of apprehension and deference, many senior officials wait to get detailed directives from the President before acting. Partially because of the fact that so many decisions are postponed until they have the President's approval, action and reform is very slow and uneven. This is one of the major problems of the Obasanjo Administration, a problem that Obasanjo will have to resolve if he gets a third chance to rule this very complex and difficult nation.

17. (U) Codel did not have a chance to clear this cable before its departure.
JETER